

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 /069 R

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XMB: THOMAS E. MORAN

EUR/SE . DE LA BARRE

-----162323Z 069886 /61

P 161814Z FEB 77

FM SECSTATE WASHDC

TO AMCONSUL ISTANBUL PRIORITY

INFO AMEMBASSY ANKARA PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, TU

SUBJ: EXIM EXPORT FINANCING - EXIM CREDIT 6135

REF: ISTANBUL 0424

EXIM CAN FINANCE ONLY THE COST OF GOODS AND SERVICES OF US
ORIGIN, RULING OUT POSSIBILITY OF FINANCING FOR FORD TRACTORS MEN-
TIONED REFTEL. WE ASSUME TRACTORS ARE BUILT OUTSIDE U.S. WITH SOME
U.S. ORIGIN PARTS OR ACCESSORIES INCLUDED IN COMPLETED TRACTORS.
WE DO NOT CATEGORICALLY RULE OUT POSSIBILITY OF FINANCING OF THE
U.S. COST ELEMENT OF CERTAIN ITEMS EXPORTED FROM THE U.S. WHICH
WOULD HAVE NON-U.S. ORIGIN PARTS ADDED OUTSIDE U.S., BUT WE HAVE
SERIOUS PROBLEM WITH IDEA OF PROVIDING FINANCING FOR U.S. ORIGIN PARTS/

ACCESSORIES TO BE INCORPORATED INTO NON-U.S. ORIGIN EQUIPMENT
SUCH AS THE FORD TRACTORS. THIS IS ESPECIALLY TURE IN CASE OF LOAN
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NO. 6135 WHICH INVOLVES LONG-TERM FINANCING SINCE ITEMS SUCH AS PARTS
QUALIFY ONLY FOR SHORT TERM FINANCING.

EXIMBANK HAS NO DE MINIMUS RULES AND EACH CASE IS DECIDED ON OWN
MERITS. EXIMBANK DECISION REQUIRES INFORMATION AS TO: (A) PERCENTAGE
OF U.S. CONTENT; (B) U.S. DOLLAR AMOUNT OF U.S. CONTENT; AND (C)
TYPE OF U.S. CONTENT INVOLVED. FOR EXAMPLE DOES U.S. CONTENT CONSIST
OF COMPONENTS ASSEMBLED IN UNITED STATES OR ABROAD? HOW MUCH OF

U.S. CONTENT WILL BE REPRESENTED BY: (A) FEES AND COMMISSIONS; (B) PROFITS; (C) ASSEMBLY COSTS; AND (D) TRANSPORTATION COSTS. REGARDING TRANSPORTATION, IF A WAIVER OF U.S. SHIPPING REQUIREMENT IS OBTAINED, EXIMBANK WILL NOT FINANCE SHIPPING COSTS ON NON-U.S. VESSELS.

INVOICES SUBMITTED FOR DRAWDOWN OF FUNDS AVAILABLE UNDER EXIMBANK SUPPORTED FINANCING MUST BE THOSE OF U.S. SUPPLIER. EXIMBANK-REQUIRED DOCUMENTATIONSUPPORTING INVOICES WOULD HAVE TO BE SIGNED, IN CASE MENTIONED REFTEL, BU FORD U.S. FOR NON-U.S. REPRESENTATIVE'S COMMISSION

TO BE ELIGIBLE FOR EXIM FINANCING, FORD U.S. WOULD HAVE TO CERTIFY THAT THE REPRESENTATIVE'S COMMISSION IS A REGULAR COMMISSION OR FEE PAID OR TO BE PAID IN THE ORDINARY COURSE OF BUSINESS AND THAT THE REPRESENTATIVE IS THE REGULAR SALES AGENT OR SALES REPRESENTATIVE OF FORD U.S. SUCH COMMISSION OR FEE MUST BE READILY IDENTIFIABLE AS A AMOUNT, PURPOSE AND RECIPIENT ON THE BOOKS AND RECORDS OF FORD U.S.

WE HAVE HAD INQUIRIES FROM TWO EUROPEAN FIRMS (ONE U.K. AND ONE DUTCH) WHO SAY THEY ARE REPS OF U.S. FIRMS AND THAT THEY HAVE BEEN INVITED BY TURKISH HIGHWAY DEPARTMENT TO SUBMIT BIDS TO SUPPLY EQUIPMENT UNDER OUR

LOAN. SEEMS THESE FIRMS HAVE IN MIND AN APPROACH SIMILAR TO THAT OF FORD REP WHO CONTACTED CONSULATE. WE HAVE ALSO RECEIVED A TELEX FROM TURKISH REP OF A U.S. COMPRESSOR MANUFACTURER. WE UNDERSTAND THAT COPY OF TELEX HAS BEEN HAND DELIVERED TO EMBASSY. WE ARE TOLD THAT HIGHWAY DEPARTMENT'S BIDS SPECS DO NOT INCLUDE ANY REQUIREMENT THAT EQUIPMENT SUPPLIED BE OF U.S. ORIGIN AND WE SUSPECT THAT THIS IS SOURCE OF CONFUSION AMONG SUPPLIERS AND COULD LEAD TO SERIOUS UNCLASSIFIED

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COMPLICATIONS LATER ON IF DOCUMENTS START COMING IN TO EXIM FOR DRAWDOWN OF FUNDS ONLY TO HAVE IT DISCOVERED AFTER THE FACT THAT CONSIDERABLE PORTION OF ITEMS WE ARE ASKED TO FINANCE ARE NOT ELIGIBLE BECAUSE THEY ARE OF NON-U.S. ORIGIN.

WE ASK THAT EMBASSY CONTACT HIGHWAYS DEPARTMENT AND EXPLAIN THAT (1) EXIM LOAN CAN BE USED ONLY TO FINANCE PURCHASES OF U.S. ORIGIN, U.S. MANUFACTURED EQUIPMENT EXPORTED FROM THE U.S., (2) THAT SAME REQUIREMENT APPLIES TO 50 PERCENT CASH PAYMENT BEING MADE BY GOT AS COMPLEMENT TO EXIM 50 PERCENT LOAN (3) THAT EXIM LOAN AND GOT CASH PAYMENT CAN NOT REPEAT NOT BE USED TO FINANCE PURCHASE OF U.S. MANUFACTURED PARTS OR ACCESSORIES TO BE EXPORTED FROM THE U.S. FOR INCORPORATION INTO TRACTORS, COMPRESSORS OR OTHER PIECES OF EQUIPMENT BUILT OUTSIDE U.S. AND THEN EXPORTED TO TURKEY.

WE FEEL THIS IS IMPORTANT MAINLY BECAUSE WE DO NOT WANT LONG-TERM FINANCING USED FOR EXPORT OF RATHER MINOR PARTS/ACCESSORIES AND ALSO BECAUSE OF POSSIBLE DAMAGE TO FUTURE MARKET PROSPECTS IN TURKEY FOR

U.S. SUPPLIERS IF NON-U.S. SUPPLIERS MAKE IN-ROADS.

FORD OR OTHER SUPPLIER OF PARTS/ACCESSORIES TO BE INCLUDED ON
UROPEAN-MANUFACTURED EQUIPMENT CAN ARRANGE EXIM-SUPPORTED SHORT
TERM FINANCING THROUGH NORMAL CHANNELS.

PLEASE BRING THIS TO ATTENTION OF C. NORRIS AND L. M. LAROCHE OF
EXIMBANK, FROM MORAN.

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Copy: SINGLE
Sent Date: 16-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE035279
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Drafter: THOMAS E. MPRAN/PJS
Enclosure: n/a
Executive Order: N/A
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ISecure: 1
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TAGS: EFIN, TU, US, XMB
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